

# **FISCAL NOTE**

## **HB 37 SECOND EXTRAORDINARY SESSION**

November 10, 1999

**SUMMARY OF BILL:** Creates the "Extraordinary Good and Fair and Common Sense Approach to Health Care and Funding Thereof Act". Increases the privilege tax on cigarettes from 13 cents per pack of twenty cigarettes to 26 cents per pack of twenty cigarettes. Creates the Special Health Care Fund. Additional revenue generated by the increased tax shall be allocated to the Special Health Care Fund and used to fund activities related to long-term care and the TennCare program as allocated by the annual general appropriations act. Revenues and interest credited to the fund would not revert back to the general fund at the end of the fiscal year. The bill has an effective date of July 1, 2000.

### **ESTIMATED FISCAL IMPACT:**

**Increase State Revenues - \$71,604,000**

**Increase State Expenditures - \$25,000 One-Time**

Estimate assumes the following:

- Approximately 612,000,000 packs of cigarettes were sold last year.
- A decrease in sales of approximately 30,600,000 packs due to the increased tax.
- Cigarettes are sold in packs of twenty.
- A one-time increase in state expenditures of \$25,000 resulting from MIS system implementation costs.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director